

## Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 COME-00 GSA-02 TRSE-00 STR-08

L-03 AGR-20 INT-08 CIAE-00 INR-10 NSAE-00 RSC-01 SS-15

NSC-10 DRC-01 /106 W

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R 021731Z OCT 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 3781

UNCLAS BUENOS AIRES 7204

E.O. 11652: N/A

TAGS: ETDR, AR

SUBJECT: GOA OBJECTS TO NEW DISPOSAL RATE FOR  
STRATEGIC STOCKS OF QUEBRACHO, WATTLE

REF: EMBASSY'S A-180

1. EMBASSY RECEIVED SEPT 25, 1973 OFFICIAL NOTE FROM  
MINISTRY OF FOREIGN RELATIONS RAISING OBJECTIONS TO NEW,  
ACCELERATED DISPOSAL RATE FOR US STRATEGIC STOCKS OF  
QUEBRACHO EXTRACT AND WATTLE. NOTE ASSERTS ACCELERATED  
SALES RATES OF 5,000 TONS QUEBRACHO FOR DOMESTIC MARKET  
AND 10,000 TONS FOR COMBINED FOREIGN SALES QUEBRACHO  
AND WATTLE, TOGETHER WITH GSA OFFERS OF EXTRACT AT  
PRICES BELOW WORLD MARKET AND U.S. DOMESTIC PRICE LEVELS,  
WILL ADVERSELY EXPORT EARNINGS FO ARGENTINE QUEBRACHO  
INDUSTRY. CONDITION OF THAT INDUSTRY INDICATED BY REPAIR.  
TEXT OF NOTE, MUNUS CUSTOMARY SALUTATIONS, FOLLOWS:

2. QUOTE GSA PREVIOUSLY HAD PROGRAMMED FOR FISCAL YEAR 1973  
SALES OF 4,064 TONS AND EXPORTS OF 610 AND FOR FISICAL  
YEAR 1974 SALES OF 5,000 TONS AND UNLIMITED EXPORTS.

3. INFORMATION OF THE ARGENTINE-PARAGUAYAN CHAMBER OF  
PRODUCERS OF QUEBRACHO EXTRACT, CONFIRMED BY THE  
ECONOMIC CONSELOR OF THE EMBASSY IN WASHINGTON, INDI-  
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CATES THAT INSTEAD OF THE QUANTITIES PROGRAMMED FOR SALE

IN THE YEAR 1973-1974, THE GSA INTENDS TO SELL 5,000 TONS OF QUEBRACHO EXTRACT IN THE DOMESTIC MARKET AND TO EXPORT 10,000 TONS OF TANNING AGENTS IN GENERAL.

4. THE U.S. DECISION TO AUGMENT ITS EXPORTS WILL AGGRAVATE EVEN MORE THE CONDITIONS WHICH AFFECT WORLD TRADE IN QUEBRACHO EXTRACT, AND EVEN THE GSA IS ENCOUNTERING SERIOUS DIFFICULTIES IN ITS EXPORTATION.

5. THE U.S. POLICY OF ACCELERATING THE LIQUIDATION OF ITS STRATEGIC RESERVES DIRECTLY AFFECTS THE EXPORTATION OF ARGENTINE QUEBRACHO EXTRACT AND ITS PRICES IN THE EXTERNAL MARKET.

6. THE CHAMBER OF PRODUCERS AFFIRMS THAT THE GSA, IN ORDER TO INCREASE ITS SALES, IS OFFERING ITS QUEBRACHO EXTRACT AT PRICES BELOW THOSE OF THE WORLD AND BELOW DOMESTIC PRICES IN THE UNITED STATES. THIS ATTITUDE COULD ASSURE GREATER PURCHASES OF THAT EXTRACT AND JUSTIFY THE GSA IN INCREASING ITS OFFERINGS DURING THIS YEAR OR IN THE NEXT FEW YEARS.

7. THE U.S. DECISION COULD AFFECT THE INTERNATIONAL MARKETING OF TANNING EXTRACTS AND IMPEDE THE EXPORT OF ARGENTINE QUEBRACHO EXTRACT.

8. THIS MINISTRY, IN VIEW OF THE ABOVE, REQUESTS THAT THE EMBASSY ENDEAVOR TO OBTAIN FROM THE U.S. AUTHORITIES THE REVISION OF THE MENTIONED DECISION. END QUOTE.

9. EMBASSY HAS ACKNOWLEDGED NOTE AND INDICATED IT WAS BEING FORWARDED TO WASHINGTON. EMBASSY POINTED OUT IN REPLY THAT GSA DISPOSAL RATES SET AFTER CONSULTATIONS IN WASHINGTON WITH ARGENTINE EMBASSY. WOULD APPRECIATE GUIDANCE AS TO FURTHER RESPONSES WHICH MAY BE MADE TO GOA ON THIS SUBJECT, AS WELL AS INFORMATION ON RESULTS (QUANTITIES AND PRICES) DISPOSAL PROGRAM FOR QUEBRACHO AND WATTLE TO DATE.

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